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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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FAR EAST

Indochina: *Battling on Two Fronts--Political and Military*

The Communists have carried out another of their periodic sharp increases in military activity in South Vietnam. The action that began late last week has been generally similar to that seen during two earlier phases of enemy attacks in March and April, with the northern half of the country hardest hit and South Vietnamese forces bearing the brunt of the fighting. The several dozen Communist shellings that occurred were mostly light, but stiff ground assaults caused damage in the central highlands, the A Shau Valley, and along the northern coast. Rockets struck Da Nang, and a large explosion in a government building rocked downtown Saigon.

South Vietnamese forces report killing several hundred enemy troops in especially hard-fought actions in the highlands and the coastal districts of Quang Nam Province, two key areas where the enemy has been active throughout the spring campaign. The latest enemy attacks put still greater pressure on the already hard-pressed pacification program in those areas.

Heightened Communist activity will probably continue into next week. Intelligence on enemy plans for this summer, however, is sparse. In recent years the enemy's spring campaign has been followed by a summer lull in the fighting during which the Communists prepared for action in the fall. This year, however, there are some signs that they may intend to maintain substantial pressure in the highlands well into the summer.

Focus on the South Vietnamese Elections

Several developments involving the three major contenders for South Vietnam's presidency have enlivened the precampaign period in recent days. Vice President Ky came even closer to committing himself to enter the race following another headline-grabbing speech in which he again attacked the Thieu government on a broad range of issues. Ky told newsmen flatly that he intended to run for president but later fuzzed his position and promised a "clarifying" statement in the near future.

President Thieu's aides have persuaded the Lower House to reinstate a provision into the presidential election bill requiring candidates to be endorsed by 40 National Assembly members or 100 members of provincial councils. Originally the chief purpose of this provision was to limit the number of candidates and thereby make it more likely that the winner would receive a majority mandate—the winning Thieu-Ky ticket only received 35 percent of the vote in the 1967 election. Thieu did not back this provision strongly when it encountered opposition two months, ago, but since Ky has shown a greater interest in the race, Thieu has been pushing it more energetically, apparently with the hope that it will force the Vice President out of the race. Ky will probably have difficulty in meeting this requirement.

Although Big Minh can easily line up enough endorsements to qualify as a presidential candidate, he has warned that he might drop out of the race in protest over this provision. Minh's resolve to run has wavered periodically, apparently largely because of doubts about his prospects. He probably believes that his own chances for victory would be reduced if Ky is eliminated from the contest. Minh may also have suffered a setback to his presidential ambitions last week when Tri Quang, the most influential An Quang monk, issued a statement indicating that he will

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not back any candidate in the election. The statement no doubt is devised to protect the An Quang from a loss of face in the event Minh loses, but it does not mean the Buddhists will refrain from backing him entirely. Several other An Quang monks are already working on Minh's behalf and he reportedly has named several prominent An Quang senators to important positions on his campaign staff. Tri Quang's statement could indicate, however, that Buddhist support, which is crucial to Minh's chances, will be something less than wholehearted.

Opposition Deputy Detained

The arrest and detention of a prominent antigovernment member of the Lower House has stirred up a new political controversy in Saigon. Deputy Ngo Cong Duc was taken into custody this week and accused of assaulting a local official in his home district. Some press accounts claim that he is being charged with attempted murder. Duc's detention has caused a furor in the Lower House, which has voted overwhelmingly to demand that he be released. The deputy's supporters are charging that the incident that led to his arrest was a government-inspired frame-up.

Although it is unclear whether Duc's arrest came on orders from Saigon, the deputy has been a thorn in President Thieu's side and the President clearly would like to see him defeated in the Lower House elections this summer. Duc edits the most outspokenly antigovernment paper in Saigon and has called for an early end to the war. If the deputy remains in jail, therefore, there probably will be further charges—both in Saigon and overseas—of political represssion by the Thieu government.

An Inauspicious Start for Cambodia's New Government

The new government has been in office only one month, but it is becoming quite clear that it has not yet dispelled the sense of drift and indecision that characterized the political situation in Phnom Penh under the previous administration. Some high-ranking officials are already complaining about the obstacles they are encountering in trying to establish programs and policies to meet the country's most crucial problems.

Finance Minister Sok Chhong recently expressed concern over the cabinet's lack of support for reforms to halt continuing economic deterioration. Chhong admits that currency devaluation, price controls, and more stringent efforts to stop payroll padding in the army are likely to be unpopular in some quarters, but he believes that the real difficulty is the cabinet ministers' unfamiliarity with economic problems and their reluctance to address them.

In Tam, the able and energetic first deputy prime minister, is having trouble lining up support for plans to get a pacification program off the drawing boards and into the countryside. One key aspect of his proposed program, calling for the military police to be rejuvenated as the national police under his control, has run into some formidable opposition. In Tam has gone so far as to threaten to resign unless his recommendations are approved.

The government's search for appropriate measures to cope with its difficult and complex problems is further complicated by Prime Minister Lon Nol's continuing involvement in day-to-day affairs. General Fan Moeung, the project officer in charge of the impending reorganization of the Ministry of National Defense and the Cambodian Army (FANK) General Staff, has told the US defense attache that Prime Minister Delegate Sirik Matak is distressed over the fact that Lon Nol is conferring with certain FANK field officers on a daily basis and is otherwise blurring the lines of authority within the military establishment.

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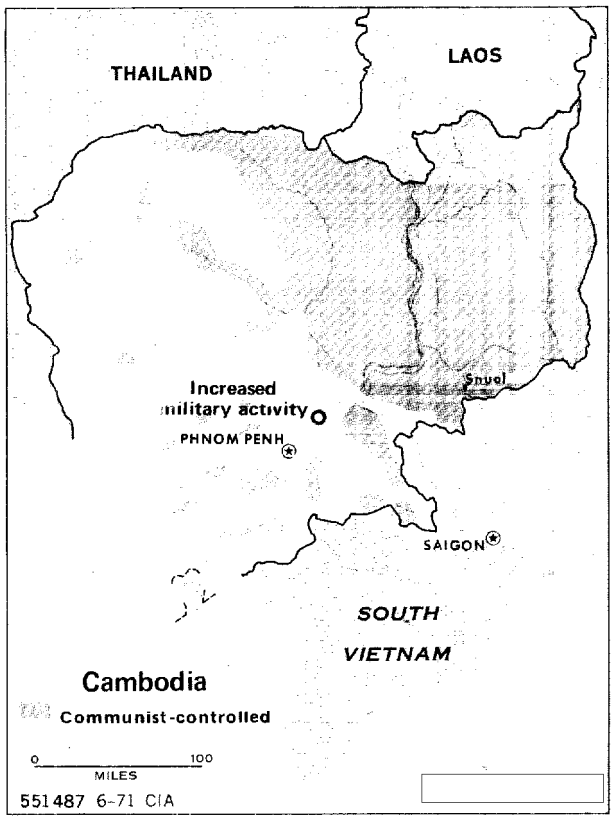
Lon Nol's involvement appears to represent a breakdown in the understanding that was reached when the new government was formed, wherein he was to serve as a figurehead prime minister with Matak holding the real reins of responsibility. Matak and other key officials evidently are also concerned because access to Lon Nol is being controlled by a small entourage headed by his brother Lon Non.

Military Pressure on Phnom Penh

Besides experiencing difficulty in coming to grips with its major domestic problems, the government is now facing a potentially serious increase in Communist military activity in the Phnom Penh area. The enemy launched two small but ineffective 122-mm. rocket attacks against the Cambodian navy base just across the Mekong River from the capital. Within the city itself, a six-month standdown on terrorist activities ended when two installations housing US personnel were bombed. Although some heavy physical damage resulted, there were no casualties.



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Northeast of Phnom Penh, the enemy has carried out a series of mortar and ground attacks on a number of Cambodian positions. Government troops, including several elite Khmer Krom units, were able to hold their ground, however. Preliminary casualty reports indicate 17 Cambodians were killed and 200 wounded in the first days of the fighting, while the Communists suffered even heavier losses—primarily as a result of heavy air strikes. More fighting reportedly was continuing at midweek in this region—some of it just ten miles from the capital—forcing the government to send up reinforcements.

The Snuol Story

South Vietnamese forces that had been operating since early February in the vicinity of Snuol withdrew to South Vietnam at the beginning of the week. The decision to fall back was made prior to a renewed round of Communist mortar, rocket, and ground attacks, but the coincidence of the enemy action with the withdrawal created the impression that the South Vietnamese had suffered a tactical defeat. The Communist pressure did, however, force the South Vietnamese to abandon considerable amounts of equipment and supplies.

Saigon's decision to close down its operations around Snuol probably was dictated by a number of factors, including the need to shorten

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supply lines and the problem of deteriorating troop morale in that sector. The immediate impact of the pullback on the military situation in eastern Cambodia may not be too significant, since rainy season conditions are likely to make it difficult for the Communists to carry out large-scale attacks or supply buildups. Whatever the case, Vietnamese Communist propagandists are describing the action at Snuol as the most significant South Vietnamese defeat since the campaign in Laos this spring.

Some Smoke, Little Fire on All Laotian Fronts

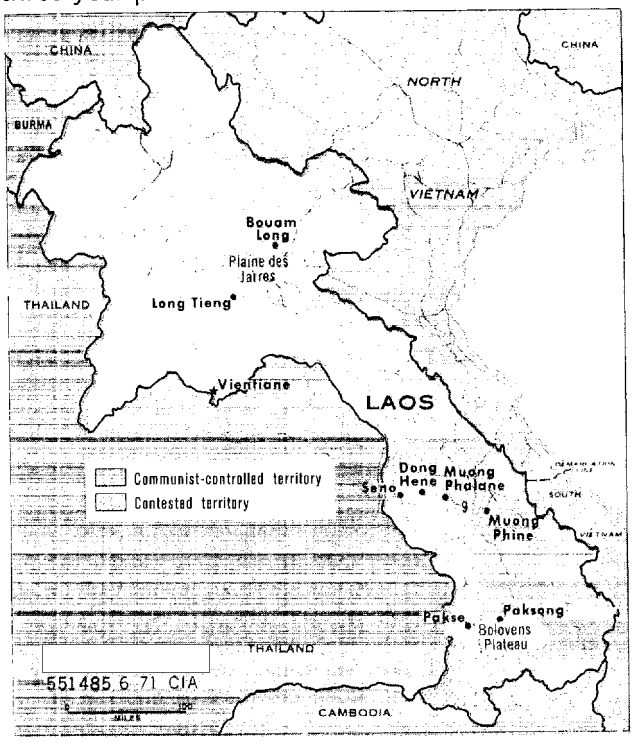
The Communists took no new ground during the past week, but it seems clear that their offensive has not yet run its course. In the Bolovens area, they are moving against elements of an irregular task force operating north and east of Paksong, but so far the irregulars have held their ground. The North Vietnamese have not yet launched any major ground attacks against government blocking positions protecting the approaches to Pakse from the Bolovens. In Pakse itself, political and economic conditions have improved again, and a new military command has been set up under the control of the armed forces chief of operations.

To the north, clashes have continued in the Dong Hene area near Route 9. So far no major Communist drive on Seno has developed, but some North Vietnamese units in the Route 9 area may be redeploying. These moves suggest that the North Vietnamese are now planning to consolidate their gains around Muong Phalane and Dong Hene, and that any further moves toward Seno would be intended primarily to tie down government forces well west of the infiltration corridor.

North Vietnamese forces apparently are continuing to pull back from the Long Tieng complex. Some of these units may be moving to increase Communist strength around the irregular base at Bouam Long, north of the Plaine, which has been under increasing enemy pressure.

NVA Three-Year Plan for South Laos

A Pathet Lao rallier has provided the outline of what he claims is the North Vietnamese three-year plan for south Laos from 1970 to 1972. The plan, whose general contents were passed to Pathet Lao officers by the North Vietnamese in August 1970, calls for the construction of a road system linking Muong Phine with the Cambodian border. Some unspecified areas of south Laos are to be "liberated" so that they could eventually be used to support Communist forces in South Vietnam and Cambodia. The North Vietnamese claimed that it would probably not be possible to accomplish all of these objectives during the three-year period.



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The North Vietnamese already are making increased use of the northern part of the western logistic corridor. Their military actions during the 1970-71 dry season offensive in south Laos lend some credibility to the authenticity of the plan.

The Latest Installment in the Peace Talks

Prime Minister Souvanna Phouma took a flexible line in his formal response to the Pathet Lao peace proposals of 12 May. In a letter given to Communist emissary Souk Vongsak on 26 May, Souvanna proposed that it was time for the two sides to get talks started without further foot-dragging. He noted that so far their contacts have been unproductive, blaming this on stalling by the Communists and on their setting of preconditions for the talks. He stressed the urgent need to arrive at a total and complete cease-fire and said that negotiations should not be limited in any way. To facilitate talks, Souvanna suggested that Souk be empowered to negotiate in Vientiane directly with Souvanna's representative.

The line in the letter is less tough than Souvanna's recent public statements that he would not negotiate with the Communists while under military pressure. The change in tone presumably reflects his desire to avoid foreclosing the possibility of talks or conveying the impression that the government is not bending every effort to end the war. It may also reflect the US ambassador's recent remarks to Souvanna that talks with the Communists might have some utility.

Lao Communists Visit Hanoi

Lao Communist leader Souphanouvong and most top Lao Communist officials made a six-day visit to Hanoi last week. This marks the first formal visit to Hanoi by Lao Communists since April 1965, although Souphanouvong and others have made several unpublicized visits. The Lao visitors were warmly received, but so far there is little inkling of whether the substantive talks were as convivial as the effusive and almost fulsome public expressions of mutual regard and solidarity. [redacted] 25X1

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PHILIPPINES: A constitutional convention that opened in Manila this week could have important and perhaps long-lasting repercussions on Philippine political life. A large segment of the populace has viewed constitutional reform as a panacea for national ills, but even under the most favorable of developments, some of their exaggerated hopes would not be realized. There is a strong possibility, moreover, that the convention's performance may not meet even more modest expectations. Organizing sessions before the inaugural date were characterized by petty bickering among the delegates to the neglect of fundamental matters, such as naming a convention chairman. A poor performance by the convention would strengthen the growing popular disenchantment with Marcos' administration that was reflected in the noisy but nonviolent student demonstration marking the ceremonial opening of the convention on 1 June.

Anticipated efforts by President Marcos to use the convention to extend his tenure will deepen this mood and increase the probability of public displays of discontent over the working of the Philippine political system. Although Marcos believes he controls a firm majority of convention delegates, the closeness of the vote—admittedly in a poorly attended session—to invite him to address the opening suggests that he may have trouble manipulating the body. [redacted] 25X1

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Communist China: *Of Recognition and Things*

Austria recognized Communist China last week—the ninth country to do so since last autumn. The communiqué stated that Vienna recognized Peking as the "sole legal government of China," a formula that now has become standard in these situations. Still other countries—notably Iran and Turkey—are in line to recognize in the near future, and an announcement in one or both cases may be made in the next month.

Not all countries are yet willing to go as far as recognition, although it seems that most are interested in improving relations with China.

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USSR: *Fuel and Power Targets*

The goals for fuel and power as outlined in the Soviets ninth Five Year Plan show a mixture of optimism and realism. The important oil and gas quotas will be difficult to attain because of a shortage of large-diameter pipe and technological inadequacies, but the projected output for coal and electric power appears to be within Soviet capabilities.

Planned average annual increases for oil and gas are slightly below those achieved during 1966-70, but the quantitative amounts are to be larger than ever. Oil production is programed to increase from the 353 million metric tons (MMT) reached in 1970 to 480-500 MMT in 1975, and gas production is to rise from 1970's 200 billion cubic meters to 300-320 million cubic meters in 1975. The Soviet Union is the world's second largest producer of gas and oil. Coal production is scheduled to expand at a low rate, slightly exceeding that achieved during 1966-70, while electric power is to increase at an annual rate slightly below the rate achieved during 1966-70. Coal production is to grow from the 624 MMT reached in 1970 to 685-695 MMT in 1975, an attainable goal, while the electric power target for 1975 has been scaled down and now is scheduled to grow from the 740 billion kilowatt hours of 1970 to only 1030-1070 billion kilowatt hours. Although these decisions appear to be firm, they were cause for disagreement that surfaced among the leadership at the party congress in March. Pyotr Shelest, Politburo member and Ukrainian party first secretary, complained in his speech that "some people" wanted less attention paid to developing the coal industry because of the growing role of gas and oil in the fuel balance. Apparently to no avail, he said that "we believe this is wrong" and argued for more development of the Ukraine's traditional coal industry.

A limiting factor on the objectives of both the oil and gas industries will be the shortage of large-diameter pipe. The Soviets intend to lay approximately 57,000 kilometers of oil and gas pipelines during 1971-75, which compares with an approximate 48,000 kilometers to be laid by the entire free world during 1971-74. To achieve this goal the USSR will need about six million tons more pipe than the current domestic production capability and known scheduled imports for the five-year period combined.

Another limiting factor involves a recent announcement that implies that the oil drilling rate for 1971-75 will not increase over that achieved during 1966-69. Another problem is the need to develop the Western Siberian and Mangyshlak Peninsula oil fields, which are to account for 75 percent of all growth in crude oil production during 1971-75, at twice the rate that the fields of the Urals-Volga region were developed. In the past, forced development has led to a low recovery of reserves. Severe operating conditions in Western Siberia and in remote areas of future oil exploration will require huge imports of Western (mostly US) technology and equipment.

Exploitation of Western Siberian gas deposits, which are to account for 50 percent of the increase in output during 1971-75, faces equally serious problems. The gas industry has not been able to meet its goals during the past decade mainly because of a shortage of pipe and the equipment to build pipelines. Even with significant increases in Western imports the gas industry is likely to fall short of its quota because of the difficulties involved in laying pipeline in permafrost regions.

The quantity of oil to be exported to the West has not yet been announced, but because oil is the largest single earner of foreign exchange it is assumed that every effort will be made to maintain at least current export levels. During 1970, oil exports to the West amounted to about 45 MMT, valued at $600 million. Natural gas contracts with the West call for the delivery of 26 billion cubic meters of gas during 1971-75, worth some $300 million. 25X1

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Sweden: *Chillier Climate for US Deserters*

Public reaction to crimes committed by American deserters has grown consistently more hostile in recent months and has made their cause a political liability for the Swedish left.

Of 612 deserters who had registered with Swedish immigration authorities as of early April, 99 subsequently returned to American military jurisdiction, 16 emigrated to Canada, 22 were refused asylum, six were deported, and three died—two by suicide. Of the remaining 466, one third have been detained by the police and one fourth actually convicted of crimes. Despite the recent notoriety that surrounded an attempted air piracy and a brutal child-beating resulting in death, most offenses by deserters fall into lesser categories, such as trafficking in narcotics, petty theft, simple assault, and procuring.

Even among the two thirds with no police record, most have made no attempt to assimilate into Swedish society. Generally without educational or vocational qualifications and unfamiliar with the language, they are confined to the outer fringes of the labor market. Employers are reluctant to invest in training programs for them because of their reputation for floating from job to job. Landlords are not willing to rent to the deserters because they have been known to be poor risks. Even their original patrons on the far left have abandoned their charges, having found that the motives for desertion in most cases have not been exploitable and that the deserters as a group are unmanageable.

On the other side of the coin, there have been some successful adjustments. Perhaps as many as one fifth of the deserters have enrolled in Swedish schools, married local girls, and taken steady jobs; to all intents and purposes they have disappeared into Swedish society. The balance are transients, however, and will remain so. 25X1

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NORWAY: The government has decided to propose to North Vietnam that the Norwegian ambassador to Communist China also be accredited to Hanoi sometime this fall. No decision has been reached about the establishment of a North Vietnamese mission in Oslo, and no consideration is being given to seeking accreditation to Saigon for the Norwegian ambassador to Thailand. The government is moving slowly in implementing its commitment to recognize Hanoi in order to avoid introducing foreign policy distractions into the national debate on membership in the European Communities as well as to appease US sensitivities. 25X1

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NETHERLANDS: Although postelection negotiations are expected to drag on at least until the end of the month, Professor Steenkamp, as formateur, has apparently discovered a consensus among the five prospective coalition allies on the necessity for anti-inflationary measures and general economic austerity in the near future. The leaders of the three confessional parties, however, remain unreceptive to the prospect of long-term economizing that could jeopardize their campaign commitments to expand housing, elementary education, and development aid. Nevertheless, the growing seriousness of inflation and balance of payment difficulties, along with fear of losses in an election which might otherwise be required, should prod the confessionals to move toward agreeing to form a coalition with the more parsimonious-minded Liberals and right-wing socialists. 25X1

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Malta: *Election Outcome Uncertain*

The parliamentary elections on 12-14 June are too close to call, but there are indications that Prime Minister Borg-Olivier's Nationalist Party is in trouble.

Both the Nationalists and the opposition Malta Labor Party (MLP) have been campaigning intensively for the last several weeks in an attempt to win over the undecided voters. The Nationalists have been stressing Malta's economic accomplishments under their administration while attacking the foreign policy pronouncements of MLP leader Dom Mintoff. In reply, the MLP—which brands the administration as ineffective and corrupt—charges that government incompetence in the fiscal area has resulted in incipient inflation and an increasing national debt.

Mintoff, to the chagrin of some MLP candidates, has made foreign affairs a campaign issue. His belief that Malta should take a neutral position in the Mediterranean is well known. His recent contradictory statements on foreign policy issues, however, has allowed Borg-Olivier to speculate publicly on the possibility of a Soviet base on Malta if the MLP wins.

There are several factors at work in this election that were not present in 1966 when the Nationalists retained power by a comfortable, if deceptive, margin. In the last two general elections, the highly influential Catholic Church actively opposed the MLP, but since then the Church and the Laborites have reached an agreement that eliminates overt church assistance to the Nationalists. There has also been a significant increase in the number of young voters—25 percent of the eligible voters are under 30—and the MLP will probably receive a majority of these. Furthermore, only one small party is contesting this election and it is expected that the MLP will pick up the majority of the votes that previously went to other minor parties.

If the MLP wins, Mintoff would probably attempt to renegotiate Malta's defense and financial agreement with the British. The UK high commissioner there recently told the US ambassador that London would agree to discuss the matter but that the talks could last for some time. The agreement, which grants the UK responsibility for the military security of the islands in return for development aid, expires in 1974 and was adjusted to Malta's benefit last year.

Mintoff, who had indicated prior to the campaign that the NATO presence was not in keeping with his goal of "positive neutrality," began gradually to assume a more ambiguous stance as the campaign got under way. It is possible that he would not insist on removal of the small NATO presence if it will agree to his demands for payment for the use of Maltese facilities. Even the Nationalists, who maintain that the island's interests are best served by stronger ties with Western countries, can be expected to seek increased benefits from the relationship with NATO and London. [redacted] 25X1

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OUTER SPACE: The legal subcommittee of the UN General Assembly's space committee convenes next week in Geneva to attempt again to draft a liability convention that will provide compensation for damage caused by errant space vehicles. Expectations earlier this year that this meeting could produce a breakthrough have been dimmed by recent indications that the Soviets remain intransigent on the outstanding issues. Although they have offered to drop their insistence that only the laws of the launching state—rather than international law—are applicable for claims, the Soviets still want in return a method other than binding arbitration to resolve settlement disputes. Most nations believe such a formulation provides inadequate protection for their interests. [redacted] 25X1

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Czechoslovakia: *Successes and Failures at the Party Congress*

A sense of cohesiveness within the top leadership, such as has not existed since Husak came to power, was apparent at the party congress last week. Factionalism and dogmatism were outlawed, and the minimal organizational changes presented a collective leadership that has come to terms with its Soviet occupier.

The party's fundamental weakness—the distance between it and the population—was also evident, however. Pleas for socialist discipline and energetic leadership by party functionaries permeated the deliberations and underlined the party's awareness that most Czechoslovaks remain apathetic to its suasions. These exhortations also reflect the frustrations of Czechoslovak leaders who are searching for a formula to improve the life style of the country in a situation they are powerless to change.

Perhaps the most promising note for Czechoslovakia's future were hints that the regime is looking closely at some of the economic reforms initiated in the mid-1960s. Those changes under consideration, however, apparently involve peripheral improvements such as more efficient management procedures and do not include basic reforms. The regime's emphasis on central economic controls indicates that meaningful changes will be slow.

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Little Headway in Reform of the UN General Assembly

A committee of 31 members is expected to complete later this month a study—proposed by Canada with strong US backing—of measures to revamp the cumbersome structure of the UN General Assembly. Current indications are that the draft proposals will fall far short of the goals Ottawa and Washington have had in mind.

Western governments, with some African and Soviet support, had hoped to use the study to modify procedural rules, focusing in particular on the need to limit the lengthy general debate that opens each annual meeting. The nonaligned group has reacted sharply to this idea, terming it an unacceptable limitation on sovereignty. One interesting development in the discussion on this point was the opposition of Yugoslavia and Romania to a suggestion that one speaker might represent a whole regional group. Their contention clearly was motivated by implications of the Brezhnev Doctrine.

An overwhelming majority of the 31 is clearly opposed to the US proposal that the general debate be held only every other year. Another discarded idea—offered by Italy—called for weighing voting rights in the General Assembly in accordance with financial contributions. It now appears likely that the study committee will seek at most a one-week reduction in the length of Assembly sessions—now pegged at 13 weeks—and possibly add hortatory remarks against verbosity in the general debate. Some minor tinkering with the jurisdiction of Assembly committees will probably be recommended as well.

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MIDDLE EAST - AFRICA

Soviets Get It Signed on the Dotted Line

The treaty concluded at the end of Soviet President Podgorny's hurried visit to Cairo last week merely formalizes the unique relationship between the two countries without committing them to anything other than the expansion of existing relations. In Moscow's view, nonetheless, it probably serves as a useful political demonstration of the consolidation of Soviet influence in Egypt.

For both countries, it is a unique document. Apart from the recently signed treaty with West Germany, Moscow's only treaties are with its Communist allies or with countries that border the USSR. Since independence, of course, Egypt has not signed any kind of comprehensive treaty with a great power.

The document, which is labeled a treaty of "friendship and cooperation," begins with a pledge of noninterference in each other's internal affairs. Other articles detail the commitment of both parties to continue working for a political solution of the Middle East problem and their agreement to consult "without delay" whenever they conclude that a danger to peace has arisen.

The treaty also describes an agreement to further develop political, economic, and military relations. In the military sphere, however, the Soviets merely agree to continue strengthening the defense capacity of Egypt and to go on training Egyptian military personnel. The language of the treaty indicates that details of military cooperation have been and will be set forth in other appropriate agreements.

The treaty is scheduled to be ratified "in the nearest future" and to remain in force for a minimum of 15 years. It can be renewed automatically for additional five-year periods.

The document almost certainly resulted from a Soviet initiative and is probably an effort by Moscow to ensure the long-term viability of Soviet interests in Egypt. The USSR recognizes that its present position of influence in Cairo results chiefly from its military support for Egypt's struggle against Israel. The recent rapprochement between Washington and Cairo, coupled with Sadat's purge of numerous Egyptians who had been well-disposed toward the Soviets, probably revived Moscow's fears—never very far below the surface—that it might lose its influence.

Reaction from Egypt and the Arab World

For his part, Sadat presumably views the treaty as an opportunity to dispel Soviet fears. The treaty, moreover, also provides implicit Soviet endorsement of his recent moves against his opponents, and the Egyptian military can now be confident that aid from Moscow will continue for the forseeable future. In the President's view, his formal commitment to close consultations with Moscow would seem to be a minimal political price to get Soviet military assistance and to preserve the indispensable loyalty of his military commanders.

Egypt's entry into a treaty relationship with the Soviet Union has thus far elicited general approval in the Arab world.

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Israeli View

Official commentary from Israel has been relatively restrained, although Prime Minister Meir pointedly expressed concern that the treaty threatened to "increase the imbalance of arms." Her remarks strengthened expectations that the Israelis will exploit those clauses of the treaty dealing with Soviet military aid in any future arms negotiations with the US. The Israeli press has characterized the accord as a "serious blow to the US peace initiative" and unsurprisingly claims that Sadat has committed himself to policy co-ordination with the USSR. [redacted] 25X1

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India-Pakistan: *Problems Mount*

The refugee flow from East Pakistan continues, with the total now over four million, according to the Indians. The threat of epidemic has been added to the problems of feeding and housing the displaced Bengalis; their adverse effect on the local economy and the possibility of violence between the domestic population and the refugees or between Muslims and Hindus have increased. According to the press, 1,000 persons died of cholera in one district in the six days ending 1 June. UN officials reported that "grossly unsanitary" camp conditions are conducive to the spread of influenza, whooping cough, measles, and meningitis.

UN relief efforts for both the refugees and for East Pakistan are picking up momentum. The UN High Commissioner for Refugees has completed a comprehensive survey of the camps in India and has begun a massive aid effort. UN Assistant Secretary General Kittani—an expert on disaster relief—is en route to Pakistan where he expects to visit Islamabad and Dacca in the course of working out guidelines for UN aid in East Pakistan. President Yahya Khan appears more amenable than previously to UN insistence that it monitor the end-use of relief supplies, most of which will be provided by UNICEF and the World Food Program.

Military activity along the Indo - East Pakistani border has increased, but so far both sides appear to be confining themselves to defensive preparations. In several places, the Indian Army has replaced or reinforced paramilitary units that had been the only forces in the immediate border area.

Pakistan's military government is continuing its efforts to win support from the East Pakistanis. [redacted] 25X1

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WESTERN HEMISPHERE

Argentina: *Political Developments*

President Lanusse is making a concerted effort to get across-the-board support for his plan to generate constructive political activity and to hold elections within three years. Government officials have consulted with representatives of nearly all of the political parties and movements as well as with the military on the form future politics and government should take, and each step toward making a decision is being publicized.

The first step came on 31 May when an 11-man advisory commission made its report to Interior Minister Mor Roig, who heads the commission that is to draft a political plan for the President by 21 June. The advisory commission's study on institutional reform, which is to be published in full, makes recommendations on constitutional reform, on proposed new statutes governing the organization of political parties, and on a new electoral law.

Dissenting opinions were written on each topic considered, but the majority of the commission members agreed that the government could and should reform—but not rewrite—the constitution prior to elections, that requirements for forming political parties should be toughened, and that the system of runoff elections should not be adopted. The interior minister praised the efforts of the advisory commission in a public ceremony and said that the political party statute would soon be released because President Lanusse intends to set 1 July as the date parties can begin to organize.

The greatest potential threat to Lanusse in carrying out his political plan is the armed forces. In an effort to avoid any widespread dissent as Lanusse's plan unfolds, a questionnaire covering the same topics dealt with by the advisory commission is being circulated among all generals and admirals in the three armed services. The vast majority of high-ranking officers generally favors a military withdrawal from the government, and it is hoped that soliciting their views will assure their support of the specific means adopted. In his annual speech to the armed forces on 29 May, Lanusse said that he will accelerate the process of national transformation, adding that the military will guarantee the assumption of power to the winner of the "free, clean elections."

Lanusse has received a remarkable degree of cooperation from civilian politicians and labor leaders thus far, and the cabinet reorganization announced on 26 May may have been primarily designed to appeal to these groups. The powerful Ministry of Economy and Labor was dissolved and will be replaced by four new ministries—labor, finance, agriculture, and industry and commerce. Except for the Ministry of Industry and Commerce, which remains vacant, the secretaries serving in these posts under Economy Minister Ferrer have been upgraded to cabinet ministers. A separate Labor Ministry has been a demand of labor for some time and the reorganization should further improve Lanusse's image with the very important labor sector. There is also speculation that the ministers are only temporary and that Lanusse may soon name representatives of favored political movements to fill the posts. 25X1

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Venezuela-Colombia: *More Danger Signals*

Against a backdrop of renewed tension along the border, Venezuelan and Colombian negotiators are meeting in Rome this week to discuss their dispute over the Gulf of Venezuela. The chief Colombian delegate is not very optimistic about the meeting; he has told US Embassy officials that he opposed starting the talks in the first place. The composition of the Venezuelan delegation suggests that Venezuela has decided to downgrade the current meeting in Rome.

Colombia has formally protested an incident last week in which a Venezuelan B-25 violated Colombian airspace and fired on two US helicopters that were on a surveying mission for the Colombian Government. Venezuela has attempted to downplay the affair by asserting that the helicopters had strayed into its territory and that the B-25 had fired only warning shots.

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Venezuela is sensitive to Colombia's current campaign against smuggling because it has increased the cost of beef and raises the prospect of further incidents.

With the two nations suspicious of each other and in a state of preparedness, and with the many opportunities for incidents, the possibility of an unwanted and unplanne d armed clash cannot be ruled out.

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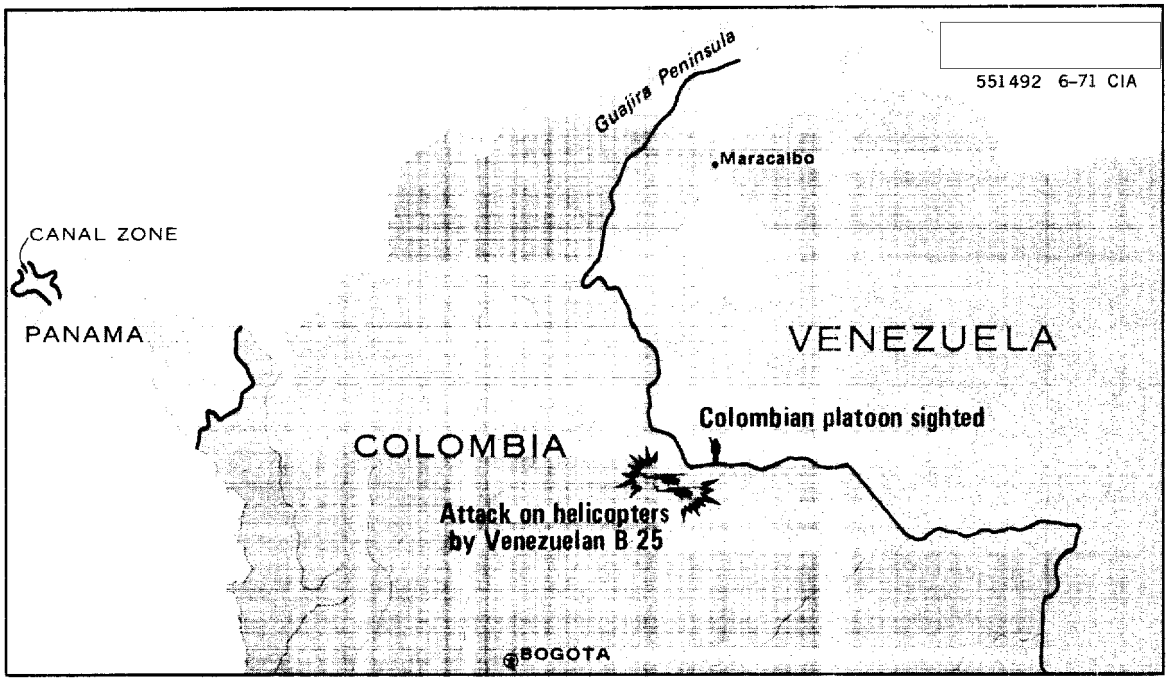

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Chile: *Mixing Economics and Politics*

The Allende government's accelerated movement on the domestic and international economic fronts reflects the success that its political considerations and operating modes have had in its first seven months in power.

At home, increased interventions by the government of Chilean-owned businesses and farms and the accompanying official announcements indicate that the administration is ready to move with more confidence toward the centralization of planning and production. The first major industrial firms taken over were the large textile factories owned by powerful but unpopular Chileans of Arab extraction. These families are also active in the banking business, which is now more than 50 percent under government control. The factories, which produce the bulk of the country's textiles, were occupied by the workers and taken over by the administration after only a token price had been offered and refused by their owners. The government calculated, and rightly so, that few Chileans would sympathize with these owners, who are considered economic exploiters. The agriculture minister's recent announcement that the target of 1,000 farm expropriations this year had been met by 1 June also serves political aims. Most important of these is the administration's determination to pre-empt the role of the Movement of the Revolutionary Left (MIR), which has been inciting land invasions while blaming the government for moving too slowly. On 29 May Allende attacked publicly the MIR's violent tactics as foreign-inspired and unacceptable.

The propaganda against US companies in Chile is also politically adept. The nationalization of the money-losing nitrate industry was hailed as a recovery of natural wealth for Chile, and there are daily attacks in the progovernment press against the "swindles" of the large US copper companies that are about to be completely nationalized. The Ford Company, which recently closed its plant, was accused in the government paper of adopting a rebellious attitude toward Chilean laws.

Chile is also vigorously exploring the possibility of new international economic arrangements. A Soviet mining delegation has already arrived to assist in the expansion of copper production. Foreign Minister Almeyda's current political trip to the Communist countries of Europe is backed up by a high-level economic delegation seeking aid for development projects. While in Moscow, Almeyda, who was received by Premier Kosygin, signed agreements that raised from $15 million to $55 million the unused Soviet credit available to Chile for machinery and equipment. This amount is in addition to $42 million for industrial development projects that was also extended in 1967 but never drawn on. Part of this project assistance will be used to build a lubricants plant, a prefabricated housing construction combine, and for a feasibility study of a fishing port. The Allende government is more determined to use these credits than its predecessor, which originally negotiated them. Chile's intention to seek development funds from CEMA is primarily a propaganda gambit, but is also a significant foreign policy initiative. It indicates that Allende is going well beyond his professed nonaligned policy in seeking special ties with Communist European countries.

While Almeyda is scouting Eastern Europe, the president of the Central Bank is heading a

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delegation to Western European countries in search of new sources of credit.

Allende is facing increasingly complicated economic problems at home 25X1

It would be consistent with his approach to domestic political situations for him to hope to arouse interest among non-Communist countries by demonstrating the ease with which Chile can approach the USSR and the countries of Eastern Europe for cooperation. 25X1

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Trinidad-Tobago: *The Dilemma of Victory*

The People's National Movement (PNM) party of Prime Minister Eric Williams captured all 36 lower house seats in the general election on 24 May, thus returning to power for the fourth consecutive time. In doing so, however, a constitutional dilemma has developed.

The PNM won all 28 contested seats as well as the eight uncontested ones, but mostly because only minor opposition groups competed against it. The major opposition party, the Action Committee of Dedicated Citizens/Democratic Labor Party (ACDC/DLP), boycotted the election after the government refused its demands to lower the voting age to 18, to reform voter registration, and to use ballot boxes instead of voting machines. Machines were first used in Trinidad and Tobago in the general elections in 1961 and have always been regarded with suspicion by the opposition parties. According to official returns, a record low of 33.6 percent of the registered voters participated in the election. The poor turnout is a serious setback for Williams and his party and has raised doubts about the legitimacy of the new government.

Trinidad-Tobago's parliament consists of an upper house of 24 senators and a 36-man House of Representatives. Under the constitution, the governor-general appoints the opposition leader in the House. That person in turn is allowed to select four senators. Because the PNM won all the seats in the election, Governor-General Sir Solomon Hochoy has no one to appoint as opposition leader. ACDC/DLP leader and former Deputy Prime Minister A.N.R. Robinson, therefore, called for a declaration of a state of emergency and for the appointment of an interim government. Sir Hochoy suggested to Prime Minister Williams that he try to form a high-level, independent commission to study the problem and suggest a solution to this constitutional dilemma. The outgoing opposition leader in the lower house was asked to name the four opposition senators, but he reportedly flatly refused on moral and constitutional grounds. Although the impasse may remain unresolved for some time, the government probably will function whether these four seats are filled or not, and the new House of 36 PNM representatives will be seated without opposition representation.

Williams' new cabinet, announced on 27 May, is composed primarily of old faces in new ministries. A few younger PNM members have been appointed, however, in keeping with Williams' announced objective of bringing young blood into the government while not breaking continuity in the individual ministries. The most significant aspect of the reshuffle was that Williams relinquished a number of portfolios that he himself had held.

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Although Williams will probably solve the political quandary brought on by his party's crushing victory, he may do little to satisfy the opposition's demands, which include calls for a constitutional convention, a declaration of a state of emergency, and a new election in one month. Williams apparently intends to follow a firm but cautious course for the immediate future. His unrestrained legislative power, however, may make it nearly impossible for him to reach an accommodation with the opposition. As a result, there is a real risk that he will adopt increasingly repressive measures to control it.

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BRAZIL: The navy has begun enforcing the fishing provisions of the country's 200-mile territorial seas claim. According to US fishing industry sources, on 1 June a US fishing boat operating 60 miles off the coast was boarded and the crew was warned to leave the area or face a penalty of five years in prison. Foreign Minister Gibson recently said that strong public opinion in favor of the 200-mile claim, which was issued in March 1970, obliged the government to enforce its regulations, and that while it was ready to discuss with other countries the possibility of their boats being given permission to fish within specified areas inside the 200-mile limit, the claim of sovereignty itself was not negotiable.

The fishing provisions, set forth in April 1971, divide the claim into two zones. One extends 100 miles out from the coast, and the other covers the second 100 miles. Only Brazilian ships or foreign ships leased to Brazilian firms can operate within the first zone, while other nations' ships that pay a registration fee and an operation tax will be allowed to fish in the outer zone. One regulation, however, totally bans foreign firms from fishing for crustaceans—mainly shrimp and lobster—as part of its claim to all resources on the ocean floor. This regulation apparently is designed to force foreign firms to join with Brazilian companies if they want to continue operating in the area. Approximately 250-500 foreign boats, about half of which are US-owned, work off Brazil's northern coast. Some of the owners claim that Brazil's regulations will make it impossible for them to remain, and that this in turn will adversely affect the economies of such countries as Surinam and Trinidad and Tobago in which they are based.

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HONDURAS: On Sunday, Ramon E. Cruz will be inaugurated as the country's first popularly elected president since 1948. The 68-year-old educator and diplomat will head a government composed of members of the two major parties; his first significant problem will be to weld these two groups into an effective governing instrument. This task will be all the more difficult because General Lopez, the current President, is likely to take an active interest in policy directions. Lopez is retiring from the presidency to a position as chief of the armed forces and national police, and his right-hand man, Ricardo Zuniga, will remain in the new cabinet as minister of government and justice.

In addition to domestic concerns, President Cruz will also have to focus on foreign policy issues soon after taking office. The other Central American countries will probably make a concerted effort to persuade Cruz to resume participation in the Central American Common Market, and Cruz himself may wish to speed bilateral negotiations with El Salvador before the beginning in July of the Salvadoran election campaign.

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